KIMLUN CORPORATION BERHAD

Registration No. 200901023978 (867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Consolidating **Strengths**

Capitalising **Opportunities**

ANNUAL REPORT 2023

KIMLUN

CORPORATE VALUES

K I M L U N

KNOWLEDGE **I**NTEGRITY **M**ORAL **L**EADERSHIP **U**NITY **N**OVELTY

> **"Kimlun Group is an engineering and construction services provider specialising in infrastructure and building construction, project management, industrial building systems (IBS) and manufacture of concrete products."**

Ancillary to our core business, we also involve in property development and trading in construction and building materials.

We have the ability to act as a one-stop engineering services provider, capable of providing a comprehensive and integrated range of concrete products and engineering and construction services to our customers.

WHAT'S INSIDE

OUR MISSION

"We aim to continuously improve, promote and provide construction activities and services to the society in which we operate. By providing one stop construction design and build services, we aim to add value to our clients that in turn will be beneficial to the society at large. We will treat all partners including suppliers, subcontractors and consultants with trust, honesty and fairness in all business dealings.

Towards our employees, we balance our focus on their personal skills development while taking care of their welfare.

While seeking for the maximisation of shareholders' wealth, we strive to maintain harmony with the interest of the society to enhance our corporation's sustainability".

OUR VISION

"We aspire to be a reliable, innovative and profitable provider of full range construction services and products in the South East Asia region".

002 Corporate Information
003 Corporate Structure
004 Corporate Milestones
006 Profile of Directors
011 Group Financial Highlights
012 Chairman's Statement
016 Management Discussion and Analysis
026 Sustainability Statement
044 Corporate Governance Overview Statement
058 Additional Compliance Information Disclosures
059 Audit and Risk Management Committee Report
063 Statement on Risk Management and Internal Control
069 Statement on Directors' Responsibility
FINANCIAL STATEMENTS
161 Analysis of Shareholdings
163 List of Properties
165 Notice of Fifteenth (15th) Annual General Meeting
173 Statement Accompanying Notice of Annual General Meeting
174 Administrative Guide for the 15th Annual General Meeting
Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Tin @ Pang Yon Tin
Executive Chairman

Sim Tian Liang
Chief Executive Officer and Executive Director

Chin Lian Hing
Executive Director

Yam Tai Fong
Executive Director

Pang Khang Hau
Executive Director

Datuk Woon See Chin
Independent Non-Executive Director

Johar Salim Bin Yahaya
Independent Non-Executive Director

Anita Chew Cheng Im
Independent Non-Executive Director

Bhupendar Singh A/L Sewa Singh
Independent Non-Executive Director

Dato' Ir. Fong Tian Yong
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson
- Anita Chew Cheng Im
  Independent Non-Executive Director

Members
- Datuk Woon See Chin
  Independent Non-Executive Director
- Bhupendar Singh A/L Sewa Singh
  Independent Non-Executive Director
- Dato' Ir. Fong Tian Yong
  Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
- Datuk Woon See Chin
  Independent Non-Executive Director

Members
- Johar Salim Bin Yahaya
  Independent Non-Executive Director
- Dato' Ir. Fong Tian Yong
  Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman
- Johar Salim Bin Yahaya
  Independent Non-Executive Director

Members
- Anita Chew Cheng Im
  Independent Non-Executive Director
- Bhupendar Singh A/L Sewa Singh
  Independent Non-Executive Director

COMPANY SECRETARIES

Wong Peir Chyun
(MAICSA 7018710)(SSM PC No. 202008001742)

Tay Lee Shya
(MIA 16982)(SSM PC No. 202008002274)

Lau Yen Hoon
(MAICSA 7061368)(SSM PC No. 202008002143)

HEAD OFFICE

Suite 19.06, Level 19,
Johor Bahru City Square, 106-108,
Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim
Telephone No. : (+607) 222 8080
Facsimile No. : (+607) 223 8282
E-mail : info@kimlun.com
Web-site : www.kimlun.com

REGISTERED OFFICE

Unit 30-01, Level 30,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Telephone No. : (+603) 2783 9191
Facsimile No. : (+603) 2783 9111
E-mail : info@my.tricorglobal.com

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Telephone No. : (+603) 2783 9299
Facsimile No. : (+603) 2783 9222
E-mail : is.enquiry@my.tricorglobal.com

AUDITOR

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1,
Kota Southkey,
80150 Johor Bahru,
Johor Darul Takzim
Telephone No. : (+607) 288 6627
Facsimile No. : (+607) 338 4627

CORPORATE STRUCTURE

KIMLUN CORPORATION BERHAD
Registration No. 200901023978 (867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

- 100% Kimlun Sdn Bhd
  - 30% Zecon Kimlun Consortium Sdn Bhd
  - 60% Kimlun Superior Crest Sdn Bhd
  - 40% JBB Kimlun Sdn Bhd
- 100% SPC Industries Sdn Bhd
- 33% → 100% Kimlun Medini Sdn Bhd
- 100% Kimlun Land Sdn Bhd
  - 67% → Kimlun Medini Sdn Bhd
  - 100% Posh Atlantic Sdn Bhd
    - 60% Rex Series Sdn Bhd
    - 100% Pinegate Development Sdn Bhd
  - 100% Kitaran Lintas Sdn Bhd
  - 100% Kiiville Sdn Bhd
  - 100% Kii Ashburry Sdn Bhd
  - 100% Kii Morris Sdn Bhd
  - 70% Kii Tebrau Sdn Bhd
- 100% KL Building Materials Sdn Bhd
  - 51% Rock Projects Sdn Bhd
- 100% Kii Amber Sdn Bhd
  - 69.50% Kii Melodia Sdn Bhd
  - 49% Bayu Damai Sdn Bhd

CORPORATE MILESTONES

1977
- Our humble beginnings started when Kimlun Earthworks Sdn Bhd was incorporated.

1994
- Kimlun Earthworks Sdn Bhd changed its name to Kimlun Sdn Bhd ("KLSB").

1997 - 2002
- KLSB involved in building construction and infrastructure projects with contract value less than RM20.0 million each in Johor, Malaysia.

2002
- SPC Industries Sdn Bhd ("SPC") commenced its pre-cast concrete business.

2003
- KLSB secured its first contract with a value exceeding RM20.0 million for the construction of apartments and townhouses.
- SPC was accredited with ISO 9001:2000 Quality Management.

2004
- SPC supplied concrete sewerage tunnel segments to Pantai Trunk Sewerage Bored Tunnel project in Kuala Lumpur.

2005
- KLSB ventured into specialised infrastructure construction by constructing the Tanjung Puteri flyover in Johor Bahru.
- KLSB ventured into Klang Valley with the construction of 70 units of semi detached houses.
- SPC secured its first sales contract for the supply of concrete tunnel lining segments to Singapore MRT project.

2006
- KLSB secured specialised infrastructure construction project for the upgrading works of the Perling Interchange in Johor Bahru.

2007
- KLSB was accredited the "ISO 9001:2000, Quality Management System" certification.

2008
- KLSB secured the project for the construction of the elevated interchange along Johor Bahru Inner Ring Road – Package 3B Jalan Abu Bakar Interchange with a contract value exceeding RM100 million.
- KLSB formed IBS Department to promote IBS construction methods.

1977-2003 | 2004-2008 | 2009-2012

2009
- KLSB secured its first Industrial Building System ("IBS") building project from Iskandar Regional Development Authority at a contract value of RM142.81 million.
- Kimlun Corporation Berhad was incorporated as an investment holding company.

2010
- Kimlun Corporation Berhad acquired KLSB, SPC and IBT in conjuction with its proposed initial public offering exercise.
- Kimlun Corporation Berhad was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 29 June 2010.
- Kimlun Corporation Berhad incorporated a new wholly-owned subsidiary namely, Kimlun Land Sdn Bhd ("KLLSB").

2011
- Kimlun Group ventured into property development with its first development land in Cyberjaya, Selangor.

2012
- SPC was appointed by Mass Rapid Transit Corporation Sdn Bhd as the designated supplier for the supply of segmental box girders ("SBG") to certain packages of the Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang for RM223.18 million.
- KLSB secured more than RM400 million worth of IBS projects during 2012.

CORPORATE MILESTONES

2013-2016

2013

- Kimlun Group launched its first property development project, the Hyve SOHO and Offices in Cyberjaya, Selangor.
- KLSB secured its first contract with a value exceeding RM290 million for the construction of service apartments and ancillary buildings.
- SPC set up a new precast concrete products manufacturing plant on a piece of land measuring approximately 130 acres in Negeri Sembilan, and commenced production during the year.

2015

- Kimlun Corporation Berhad incorporated a wholly-owned subsidiary, KL Building Materials Sdn Bhd ("KBMSB"). The principal activities of KBMSB are manufacturing and trading of building and construction materials, and provision of quarry services and machinery rental services.

2016

- Kimlun Group's 30% owned joint venture company, Zecon Kimlun Consortium Sdn Bhd, was awarded a work package contract for the Proposed Development and Upgrading of the Pan Borneo Highway in Sarawak for a contract sum of RM1.46 billion. This signifies the Group's geographical diversification to East Malaysia, and expansion of its construction services to highway project. The Project is the single largest contract which the Group won in its history.
- SPC won SBG and tunnel lining segments supply contracts in relation to Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Putrajaya Line, with aggregate contract value of RM252 million.

2017-2020

2017

- KLSB subscribed for 40% equity interest in JBB Kimlun Sdn Bhd ("JKSB"). The principal activity of JKSB is building and infrastructure contractor.
- KLLSB incorporated three wholly-owned subsidiaries, Kiiville Sdn Bhd ("KVSB"), Kii Ashbury Sdn Bhd ("KASB") and Kii Morris Sdn Bhd ("KMSB"). The principal activities of KVSB, KASB and KMSB are property investment and property development.
- Kimlun Group commenced premix production in Sarawak and Johor.

2020

- KLSB successfully registered with CIDB for additional specialisation to construct hospital building.
- Kimlun Corporation Berhad incorporated a wholly-owned subsidiary, Kii Amber Sdn Bhd ("KABSB"). The principal activities of KABSB are investment holding, property investment and development.
- KABSB subscribed for 49% equity interest in Bayu Damai Sdn Bhd ("BDSB"). The principal activity of BDSB is property development.
- KABSB incorporated a 69.50% owned subsidiary, Kii Melodia Sdn Bhd ("KMLDSB"). The principal activities of KMLDSB are property investment and property development.

PROFILE OF DIRECTORS

PANG TIN @ PANG YON TIN

Executive Chairman

Gender :	**Male**
Nationality :	**Malaysian**
Age :	**76 years**

Date of Appointment :
24 October 2009

Pang Tin @ Pang Yon Tin, a Malaysian aged 76, male, was appointed to the Board as Executive Chairman of Kimlun Corporation Berhad on 24 October 2009 and is responsible for overseeing the management of our Group.

He completed Senior Middle Three at Foon Yew High School in Johor Bahru, Johor, in 1966. He commenced his career in the construction industry in 1966 by assisting his late father in his construction business. He, together with Phang Piow @ Pang Choo Ing, incorporated Kimlun Sdn Bhd in 1977 to continue their venture in the construction industry. With the experience gained in the construction industry, he ventured into quarry business in 1970s and into property development in 1980s.

He has more than 44 years of experience in various sectors, encompassing property development, property investment, construction, quarrying, manufacturing and hotel management. He also sits on the Board of several private limited companies.

SIM TIAN LIANG

Chief Executive Officer & Executive Director

Gender :	**Male**
Nationality :	**Malaysian**
Age :	**69 years**

Date of Appointment :
24 October 2009

Sim Tian Liang, a Malaysian aged 69, male, was appointed to the Board as Chief Executive Officer of Kimlun Corporation Berhad on 24 October 2009 and is responsible for strategic planning and for the overall management of the Group.

He graduated from Universiti Teknologi Malaysia in 1978, obtaining a Bachelor's Degree (Honours) in Engineering. Currently, he is the Past Chairman of the Institution of Engineers Malaysia Southern Branch and Past President of Johor Master Builders Association. He is also a member of the Chartered Institution of Highway and Transportations of the UK, a Honorary Member of Asean Federation of Engineering Organisation and a Fellow of Construction Industry Development Board Malaysia.

He is a professional engineer registered with the Board of Engineers Malaysia, and has been in the construction industry since 1978 where he commenced work as a civil engineer with the Malaysian Government. He joined Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) towards the end of 1996 and was appointed as its Project Director in 1997 where his responsibilities included overseeing, monitoring and management of building and infrastructure construction projects. In 2003, he left Pang Hock Constructions Sdn Bhd and joined Kimlun Sdn Bhd as Chief Executive Officer. His primary role is to oversee to the execution of corporate objectives, as well as to provide the strategic direction of the company.

PROFILE OF DIRECTORS

CHIN LIAN HING
Executive Director

Gender :	Male
Nationality :	Malaysian
Age :	59 years

Date of Appointment :
24 October 2009

Chin Lian Hing, a Malaysian aged 59, male, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the operations and business development activities of our construction business.

He graduated from Tunku Abdul Rahman College, Malaysia, in 1988, obtaining a Diploma in Technology (Building). He holds a Bachelor's Degree of Applied Science (Constructions Management and Economics) from Curtin University of Technology, Australia.

He has been in the construction industry since 1988 where he commenced work as an Assistant Quantity Surveyor in Rukumas Sdn Bhd, leaving in 1989 to join AJ Construction Sdn Bhd as a Quantity Surveyor. In 1990, he joined Hoon Lay Kien Construction also as a Quantity Surveyor. Thereafter, he joined Chin Kek Ling Transport in mid-1990 before leaving to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) in January 1992. During his time at Pang Hock Constructions Sdn Bhd, his last held position was General Manager (Operations and Contracts) and he was responsible for overseeing the tendering of building and infrastructure construction projects, and project implementation. He left Pang Hock Constructions Sdn Bhd in 2002 to join Kimlun Sdn Bhd, where he is responsible for the operations and business development activities of the company.

YAM TAI FONG
Executive Director

Gender :	Female
Nationality :	Malaysian
Age :	56 years

Date of Appointment :
24 October 2009

Yam Tai Fong, a Malaysian aged 56, female, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for all financial matters concerning our Group.

She graduated from Monash University, Australia, in 1990, obtaining a Bachelor's Degree in Economics. Since 1994, she has been a member of the Malaysian Institute of Accountants.

She commenced her career at Ernst & Young, Malaysia, in 1991, with responsibilities for audit, taxation and corporate advisory matters, leaving in 1994 to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd). Whilst at Pang Hock Constructions Sdn Bhd, she was responsible for the financial management and management reporting of its affairs. She left Pang Hock Constructions Sdn Bhd in 2003 to join Kimlun Sdn Bhd to assume similar responsibilities.

PROFILE OF DIRECTORS

PANG KHANG HAU

Executive Director

Gender :	Male
Nationality :	Malaysian
Age :	42 years

Date of Appointment :
24 October 2009

Pang Khang Hau, a Malaysian aged 42, male, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the corporate affairs of our Group, including business development activities, human resource, administration and management.

He graduated from the University of Western Australia in 2005, obtaining a Bachelor's Degree in Civil Engineering. He completed a Master of Business Administration degree at the University of Liverpool, UK, in 2010. He commenced his career in the construction industry in 2006 with his appointment as a Director of Kimlun Sdn Bhd where he is responsible for business development activities, human resource, administration and management.

DATUK WOON SEE CHIN

Independent Non-Executive Director

Gender :	Male
Nationality :	Malaysian
Age :	80 years

Date of Appointment :
1 October 2020

Datuk Woon See Chin, a Malaysian aged 80, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 October 2020. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

He graduated from the law school of University of Singapore and is an advocate and solicitor by profession and has been in legal practice in Johor Bahru for more than forty-nine years.

He was an Independent Non-Executive Director of Focal Aims Holdings Bhd (now knows as Eco World Development Group Bhd) for more than 9 years until his resignation on 28 November 2013. He was a Johor State Assembly member in 1982 and was elected as a Member of Parliament of Malaysia from 1986 to 1995. He served as a Deputy Minister of Education of Malaysia for four (4) years from 1986 to 1990.

PROFILE OF DIRECTORS

JOHAR SALIM BIN YAHAYA

Independent Non-Executive Director

Gender : **Male**

Nationality : **Malaysian**

Age : **70 years**

Date of Appointment :
1 December 2021

Johar Salim Bin Yahaya, a Malaysian aged 70, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee.

He graduated with a Bachelor of Economics (Hons.) Degree from University of Malaya. He started his career with Bank of America in 1974 and later moved to Malaysian French Bank in 1983. He joined Kumpulan Prasarana Rakyat Johor as Chief Operating Officer from 1997 to 2003 and rose to become the Chief Executive Officer until 2013. He was also the Chief Executive Officer of Tebrau Teguh Berhad from 2004 to 2012 and Executive Chairman of PLS Plantation Bhd from 2000 to 2013.

He is currently the Chairman of Selia Ekuiti Sdn Bhd.

ANITA CHEW CHENG IM

Independent Non-Executive Director

Gender : **Female**

Nationality : **Malaysian**

Age : **57 years**

Date of Appointment :
1 December 2021

Anita Chew Cheng Im, a Malaysian aged 57, female, was appointed to the Board as an Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. She is the Chairperson of the Audit and Risk Management Committee and a member of the Nomination Committee.

She graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in April 1990.

Anita started her career as an audit assistant at KPMG, Melbourne in 1990. She left KPMG in September 1991 to return to Malaysia. While in KPMG, she was engaged in the audit of the media, retail and mining industries.

In 1992, she joined the Corporate Finance department of Bumiputra Merchant Bankers Berhad (now known as Alliance Investment Bank Berhad after merging with Amanah Investment Bank Berhad) and was with the investment bank for approximately 5 years. From 2003 to 2007, she worked at HwangDBS Investment Bank Berhad as Senior Vice President, Equity Capital Market. Prior to that, she was Director, Corporate Finance at Alliance Investment Bank Berhad from 1997 to 2003.

She was involved in most related areas of corporate finance work during her tenure in the various investment banks, having advised clients on numerous IPO, fund raising, both equity and debt, mergers and acquisitions; and corporate and debt restructuring exercises.

Since she left the investment banking industry in 2007, she has been sitting on various corporate boards. She is currently an Independent Non-Executive Director of Plytec Holding Berhad, K-One Technology Berhad and SKP Resources Berhad, companies listed on Bursa Securities Malaysia Berhad. She also sits on Fortress Minerals Ltd, a company listed on the Singapore Exchange (SGX) as an Independent Non-Executive Director.

PROFILE OF DIRECTORS

BHUPENDAR SINGH A/L SEWA SINGH

Independent Non-Executive Director

Gender : **Male**

Nationality : **Malaysian**

Age : **66 years**

Date of Appointment :
1 December 2021

Bhupendar Singh A/L Sewa Singh, a Malaysian aged 66, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit and Risk Management Committee and Nomination Committee.

He holds a Bachelor's Degree (Honours) in Accounting from Universiti Malaya. He is a member of the Malaysian Institute of Accountants and an Associate Member of the Chartered Tax Institute of Malaysia.

He commenced his career with Hanafiah, Raslan & Mohammad in 1983 with the taxation unit and the firm merged with Arthur Andersen & Co in April 1990. He became a Tax Partner in 1996 and moved to the firm of Ernst & Young in 2002. He was a senior tax partner with the firm until October 2010 when he left to join Petronas as the Head of Group Tax Department. He became a Vice President in 2016 and retired from Petronas in March 2020. He was responsible for setting up and growing the Tax Department of Petronas to be able to manage all the tax affairs of the Group in an effective manner.

He is currently running his own tax consultancy and advisory firm and provides such services to clients in various industries.

DATO' IR FONG TIAN YONG

Independent Non-Executive Director

Gender : **Male**

Nationality : **Malaysian**

Age : **75 years**

Date of Appointment :
1 December 2021

Dato' Ir Fong Tian Yong, a Malaysian aged 75, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit and Risk Management Committee and the Remuneration Committee.

He holds a Bachelor's Degree in Civil Engineering from Singapore University. Upon graduation in 1974, he joined the Public Works Department as Executive Engineer and rose to become the Deputy Director General of Local Government Department of the Ministry of Housing & Local Government (KPKT) until his retirement from government service in 2007. He was thereafter appointed to serve as Technical Advisor to four Ministers of KPKT until 2012 when he joined Malaysia-China Business Council as its Executive Director until 2021.

In KPKT, he oversaw the development of Chinese New Village Master Plan, the amendments of Street, Drainage and Building Act, Uniform Building Bylaws and several policy matters. He co-authored the Book, Malaysian Chinese New Villages.

On the corporate side, he is a director of Malaysia-China Business Council, a not-for-profit company limited by guarantee as well as the Editor of the Board of Engineers Malaysia. He was the past President of the Technological Association Malaysia.

Notes to Directors' Profile :

1. *Pang Tin @ Pang Yon Tin is the father of Pang Khang Hau. Save as disclosed, none of the directors have any family relationship with any other director and/or major shareholder of the Company.*
2. *Save for Pang Tin @ Pang Yon Tin and Pang Khang Hau, who have interest in recurrent related party transactions as disclosed under Note 30 to the financial statements contained in this Annual Report, none of the directors have any conflict of interest with the Company.*
3. *None of the directors have been convicted of any offences within the past five (5) years and imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023 other than traffic offences, if any.*

GROUP FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)

2023	852,569
2022	756,134
2021	691,087
2010	794,709
2019	1,302,818

BASIC EARNINGS/(LOSS) PER SHARE
(SEN)

2023	2.00
2022	(2.05)
2021	(0.17)
2020	2.34
2019	17.42

PROFIT/(LOSS) BEFORE TAX (PBT)
(RM'000)

2019	2020	2021	2022	2023
79,687	15,524	971	(3,698)	13,055

PROFIT/(LOSS) AFTER TAX (PAT)
(RM'000)

2019	2020	2021	2022	2023
58,369	7,944	(728)	(7,291)	6,878

REVENUE BY SEGMENT
(RM'000)

Construction, Property Development, Manufacturing, Investment

	Construction	Manufacturing	Property Development	Investment
2023	638,548	190,198	23,809	14
2022	538,156	186,337	31,622	19
2021	503,982	142,103	44,994	8
2020	623,797	168,598	2,306	8
2019	1,022,167	272,095	8,523	33

GROSS PROFIT
(RM'000)

2023	61,582
2022	86,541
2021	50,105
2020	74,536
2019	134,117

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS ("THE BOARD"), I AM PLEASED TO PRESENT THE ANNUAL REPORT OF KIMLUN CORPORATION BERHAD ("OUR COMPANY") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023").

OUR OPERATING ENVIRONMENT

Since the COVID-19 global pandemic up until FY2022, we have decided to focus in the execution of projects in hand and reduce participation in new projects bidding, to keep credit risks and operation risks low during a period of supply constrictions, unpredictable trend of rising cost of raw materials and massive shortage of workers. As a result, our order book replenishment was low in the past few years, thus impacted our revenue.

With the improvement in property market sentiments and labour market conditions, more manageable building material price trends, we normalised our bidding strategy in FY2023. In our home base, Johor, work progress on the Johor Bahru-Singapore Rapid Transit System Link project has significantly boosted property buyers' confidence, given the visibility of growth prospects. There were increasing launches of residential, commercial and industrial development during the year. Further, the influx of new investments such as data centres has also created demand for construction services.

We secured RM1.3 billion of new construction projects during FY2023, which is about 4.5 times of new construction projects secured in FY2022. Some of these new projects have began contributing revenue in FY2023, thus improving our performance in FY2023.

Our pre-cast concrete products manufacturing division ("PCPD") benefited from the steady flow of opportunities from Singapore public sector projects, and has won sales orders from Singapore MRT projects. Most of these sales orders were in design stage or production preparation stage during FY2023.

Total new sales orders secured by the PCPD in FY2023 was RM0.3 billion.

CHAIRMAN'S STATEMENT

OUR BUSINESS PERFORMANCE

Our revenue increased from RM756.13 million in FY2022 to RM852.57 million in FY2023, mainly attributable to higher revenue generated by the construction division.

Despite of higher revenue, our gross profit ("GP") declined from RM86.54 million in FY2022 to RM61.58 million in FY2023, due to a lower GP margin of 7.22% in FY2023 against 11.45% of FY2022. The decline in the GP margin was due to lower profitability achieved by the manufacturing and trading division.

Administration expenses declined from RM82.74 million in FY2022 to RM38.18 million in FY2023. Administration expenses were higher in FY2022 due to the impairment of trade receivable and contract asset totaling RM43.52 million in relation to a completed hospital project.

On overall, we generated profit before tax of RM13.06 million and profit after tax of RM6.88 million in FY2023 against loss before tax of RM3.70 million and loss after tax of RM7.29 million in FY2022.

Please refer to the Financial Review section under the Management Discussion And Analysis for further details on our performance.

OUTLOOK

We have an estimated construction and manufacturing balance order book of approximately RM2.0 billion and RM0.3 billion respectively as at 31 December 2023, from a list of diversified clientele. The balance order book is expected to keep us busy for the next 2 to 3 years.

We are cautiously optimistic that the construction sector of Malaysia and Singapore will remain positive in 2024, thus offer order book replenishment prospects. We will continue to bid for projects and sales orders in order to replenish our order book and contribute positively to our result in 2024 and beyond. Our track record in the industries we operate in, and extensive experience in our businesses, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects.

REWARD TO SHAREHOLDERS – DIVIDEND

While we do not adopt a formal dividend policy, our Company has been declaring dividends every year since its listing on the Main Market of Bursa Malaysia Securities Berhad in 2010. In respect of FY2023, the Board recommends a single tier final dividend of 1.0 sen per share. The recommended final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Our Company is always mindful to reward our loyal shareholders who have supported our growth over the years while trying to strike a balance with the funding needs at our different development phases.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, bankers, customers, business partners and regulatory authorities for their continued support, guidance and assistance. The Board would like to express our appreciation to our management team and employees for their hard work and dedication.

Pang Tin @ Pang Yon Tin
Chairman

主席
文告

敬爱的股东，

本人谨代表董事局提呈金轮企业有限公司（“本公司”）截至2023年12月31日财政年（“2023财政年”）的年度报告。

我们的运营环境

自 COVID-19 全球大流行至2022财政年，我们决定专注于执行手头上的项目，减少参与新项目招标，以在供应紧缩、不可预测的原材料成本上涨趋势和工人严重短缺的时期保持较低的信用风险和运营风险。因此，过去几年我们的订单补充量颇低，从而影响了我们的收入。

随着房地产市场情绪好转， 劳动力短缺缓解以及建筑材料价格趋势稳定，我们在2023财政年将投标策略正常化。在我们的大本营柔佛州，新山-新加坡捷运项目的工作进展大大增强了购房者的信心。许多开发商在2023年启动住宅、商业和工业房地产开发项目。此外，数据中心等新投资的涌入也创造了对建筑服务的需求。

我们在2023财政年获得了13亿令吉的新建筑项目，约为2022财政年获得的新建筑项目的4.5倍。其中一些新项目已在2023财政年开始贡献收入，从而改善了我们在2023财政年的业绩。

我们的预制混凝土产品分部受惠于新加坡公共工程对预制混凝土产品的需求，并赢得了新加坡捷运项目的销售订单。该分部在2023财政年度获得的销售订单总额为3亿令吉。这些销售订单大多在2023财政年处于设计阶段或生产准备阶段。

主席文告

我们的业务表现

我们的营业额从2022财政年的7亿5613万令吉增加到2023财政年的8亿5257万令吉，主要归功于建筑部门的营业额有所改善。

尽管我们的营业额有所增加，2023财政年的毛利却因较低的毛利润而下降到6158万令吉。

行政开支从2022财政年的8274万令吉下降到2023财政年的3818万令吉。我们在2022财政年对一笔与一项医院工程相关的应收账款和合同资产共计4352万令吉所作出的全盘减值导致该年的行政开支偏高。

总体而言，我们在2023财政年的税前利润为1306万令吉，税后利润为688万令吉，而2022财政年的税前亏损为370万令吉，税后亏损为729万令吉。

请参阅2023财政年年度报告的第 21 至 22 页，以了解有关我们业绩的更多详细信息。

展望

截至2023年12月31日，我们的建筑和制造余额订单分别约为20亿令吉和3亿令吉，来自多元化的客户群。预计余额订单将让我们在未来2到3年内保持忙碌。

我们谨慎乐观地认为，马来西亚和新加坡的建筑业将在2024年保持活力。我们将继续积极地竞标项目和销售订单，以补充我们的订单，并为我们在2024年及以后的业绩做出贡献。我们在所经营的行业中拥有良好的业绩记录，在业务方面拥有丰富的经验，加上银行家的支持，是集团竞标和执行未来项目的良好支持因素。

股东回馈—股息

虽然本公司没有实行正规的股息政策，但是本公司自2010年在马来西亚证券交易所主板上市以来,每年都派发股息回馈股东。

即使我们经历了艰辛的一年,董事局仍然建议派发每股1仙的终期单层股息，惟需在来临的股东常年大会上获得股东批准。

致谢

我谨代表董事会，衷心感谢我们的股东、来往银行、客户、业务伙伴以及有关监管当局对我们的持续支持，指导以及协助。董事会谨借此机会感谢我们的管理层以及员工的辛勤工作以及奉献精神。

彭廷
主席

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE VALUES

K I M L U N

KNOWLEDGE INTEGRITY MORAL LEADERSHIP UNITY NOVELTY

MISSION

We aim to continuously improve, promote and provide construction activities and services to the society in which we operate. By providing one stop construction design and build services, we aim to add value to our clients that in turn will be beneficial to the society at large. We will treat all partners including suppliers, subcontractors and consultants with trust, honesty and fairness in all business dealings.

Towards our employees, we balance our focus on their personal skills development while taking care of their welfare.

While seeking to maximise shareholders' wealth, we strive to maintain harmony with the interest of the society to enhance our corporation's sustainability.

VISION

We aspire to be a reliable, innovative and profitable provider of full range construction services and products in the South East Asia region.

MANAGEMENT DISCUSSION AND ANALYSIS

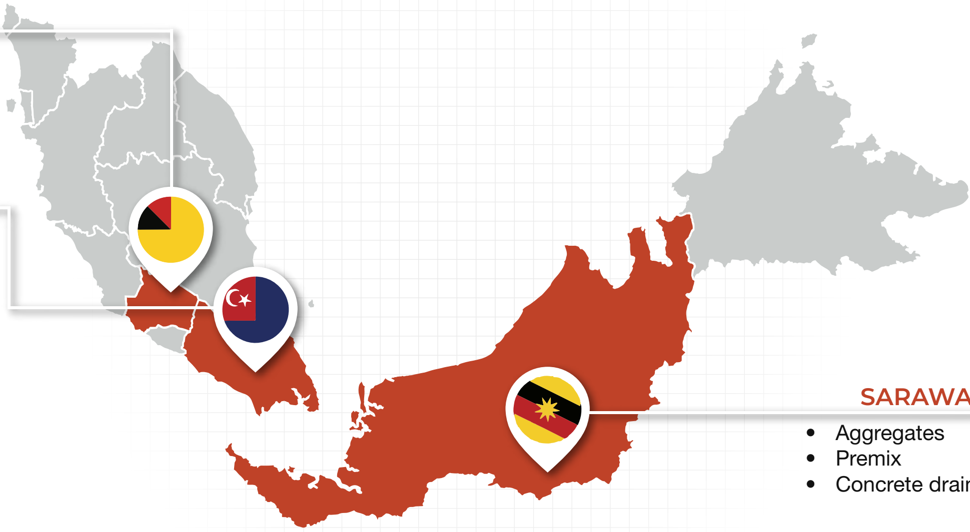
OVERVIEW OF OUR BUSINESSES AND OPERATIONS

KIMLUN GROUP'S CORE BUSINESSES

- **Construction and Engineering**
  - **Building Division**
    - **Residential projects:** high rise and landed properties
    - **Non residential projects:** retail malls, factories, hospitals, schools and colleges
  - **Infrastructure Division**
    - Highways, interchanges, flyovers, roads and earthworks
- **Manufacturing and Trading**
  - **Precast Concrete Products**
    - Tailor made products for infrastructure related projects
    - Customised products for IBS building related projects
  - **Quarry Products**
    - Aggregates, premix and concrete
- **Property Development**
  - **Land Bank**
    - Johor
    - Kuala Lumpur and Selangor
  - **Ongoing Development**
    - Semi-detached houses in 100 trees @ Seri Alam, Johor
    - Bungalows in Bukit Bayu, Shah Alam, Selangor
  - **Upcoming Development**
    - Service apartment development in Johor

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION PLANT AND PRODUCTS



NEGERI SEMBILAN

- Tunnel lining segment
- Segmental box girder
- Parapet walls
- Column and beam

JOHOR

- Tunnel lining segment
- Rail sleeper
- Jacking pipe
- Vertical cast pipe
- Box culverts
- Prefabricated prefinished volumetric module
- Hollow core slab
- Column and beam
- Aggregates
- Premix

SARAWAK

- Aggregates
- Premix
- Concrete drains

CONSTRUCTION PROJECTS

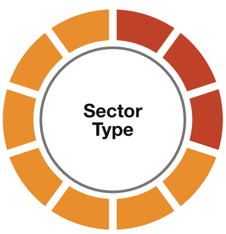
Balance order book as at 31 December 2023

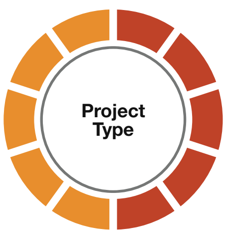
RM2.0 billion

All projects in Malaysia

Public sector
(33%)

Building projects
(61%)





Private sector
(67%)

Infrastructure projects
(39%)

Notable completed projects include:

- Main building works for Marlborough College East, Johor
- Mall of Medini, Johor
- Granada Hotel, Johor
- Gleneagle Medini Hospital, Johor
- Pan Borneo Highway Sarawak

On-going projects include:

- Sarawak-Sabah Link Road
- Various apartment and landed properties projects in Selangor and Johor

MANUFACTURING ORDERS

Balance order book as at 31 December 2023

RM0.3 billion

Malaysia orders:
(3%)

Singapore orders:
(97%)

Completed sales orders include:

- Segmental box girders ("SBG") and tunnel lining segment ("TLS") to Klang Valley MRT ("KVMRT") Line 1 and Line 2
- TLS to Singapore MRT Circle Line, Downtown Line and Thomson Line
- Precast Bathroom to Michael and Festive Hotel, Singapore

On-going sales orders include:

- TLS, rail sleepers and IBS for Singapore MRT projects
- Jacking pipes for Singapore Deep Tunnel Sewerage project
- IBS for Singapore Integrated Waste Management Facility and a resort development

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Location / Land Area	Gross Development Value (RM)	Type of Land Usage / Plan Development
Selective Land Bank in Hand		
Bandar Seri Alam, Johor Bahru, Johor / 11.11 acres	#	Freehold commercial land / commercial development
Within Meridin East township, Mukim Plentong, Johor Bahru, Johor / 17.90 acres	#	Freehold commercial land / commercial development
Medini Iskandar Malaysia, Johor / 5.31 acres	#	99-years lease on freehold commercial land / A combination of SOHO and retails properties
Kota Tinggi, Johor / 139.64 acres	#	29 parcels of freehold agriculture land / township development
Mukim Pulai, Johor Bahru, Johor / 29.00 acres	#	Freehold agriculture land / commercial development
Situated next to Alam Damai, Cheras, Kuala Lumpur / 43.87 acres	#	10 pieces of freehold agriculture land / mixed development
Seksyen U10 Shah Alam, Selangor / 19.10 acres	#	72 units of 99-years leasehold vacant detached lots approved for bungalow development
Location	**Gross Development Value (RM)**	**Launched Development / Planned Development**
On-going Projects		
Phase 2 of Bukit Bayu, Seksyen U10 Shah Alam, Selangor	48 million	16 units of leasehold bungalows
100 trees @ Seri Alam, Bandar Seri Alam, Johor	66 million	60 units of freehold semi-detached houses
Total	**114 million**	
Upcoming Project		
Development in Mukim Plentong, Johor Bahru, Johor	300 million	896 service apartment units

\# The gross development value cannot be ascertained as the development details have yet to be finalised

DIVERSIFIED CLIENTELE

We are not materially dependent on any single customer for business. We have been securing projects from different clients. Our diversified clientele include:

Private Sector

- Eco World Development Group Bhd
- Gamuda Bhd
- Mah Sing Group Bhd
- Samling Resources Sdn Bhd
- Sunway Construction Group Bhd

Government and Government Link Companies

- Mass Rapid Transit Corporation Sdn. Bhd.
- UEM Sunrise Bhd
- S P Setia Bhd
- Johor Land Bhd

International Contractors

- Shimizu Corporation
- Shanghai Tunnel Engineering Ltd
- SK Engineering & Construction
- Nishimatsu Construction Co. Ltd.
- M+W Singapore Pte Ltd

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP FINANCIAL HIGHLIGHTS

Year ended / As at 31 December		2019	2020	2021	2022	2023
FINANCIAL RESULTS (RM' mil)						
Revenue		1,302.82	794.71	691.09	756.13	852.57
Gross Profit		134.12	74.54	50.10	86.54	61.58
Profit/(Loss) Before Taxation		79.69	15.52	0.97	(3.70)	13.06
Profit/(Loss) After Taxation		58.37	7.94	(0.73)	(7.29)	6.88
Profit/(Loss) Attributable to Owners of the Company		58.39	7.99	(0.59)	(7.23)	7.06
FINANCIAL POSITION (RM' mil)						
Cash and Bank Balances		64.94	57.47	69.54	72.23	63.26
Total Assets		1,546.16	1,476.98	1,326.44	1,300.77	1,526.37
Total Borrowings		406.61	407.11	307.06	307.64	413.37
Shareholders' Equity		720.47	725.91	721.28	710.40	713.84
FINANCIAL RATIOS						
Gross Profit Margin	%	10.29	9.38	7.25	11.45	7.22
Basic Earnings per Share ("EPS")/ Loss per Share	Sen	17.42	2.34	(0.17)	(2.05)	2.00
Dividend per Share	Sen	3.30	1.00	1.00	1.00	1.00
Dividend Yield (note 1)	%	2.6	1.1	1.2	1.3	1.3
Net Assets per Share	RM	2.12	2.08	2.07	2.05	2.10
Net Gearing Ratio (note 2)	times	0.32	0.32	0.25	0.25	0.32
CASH FLOW (RM' mil)						
Net cash flows generated from operating activities		10.55	13.14	117.57	53.98	89.26
Net cash flows used in investing activities		(91.86)	(1.98)	(2.60)	(22.79)	(173.04)
Net cash flows generated from/ (used in) financing activities		104.04	4.24	(103.44)	(17.16)	78.35
SHARES PERFORMANCE						
Share Price – Year Close	RM	1.25	0.895	0.81	0.77	0.78
Share Price – Year High	RM	1.49	1.26	1.01	0.835	0.865
Share Price – Year Low	RM	1.08	0.51	0.74	0.63	0.70
Trading volume (no of shares)	Mil	35	163	76	12	15
Market Capitalisation (note 3)	RM' mil	425	316	286	272	276
Price Earnings Ratio (note 4)	times	7.2	38.2	-	-	39.0

Note 1 : Being dividend per share/share price – year close
Note 2 : Being net debt/total equity plus net debt
Note 3 : Market capitalisation as at the financial year end
Note 4 : Being year close share price/EPS for the financial year

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Group Revenue and Profitability

The Group recorded revenue of RM852.57 million in FY2023, which was RM96.44 million (12.8%) higher compared to RM756.13 million recorded in FY2022. The growth in revenue was mainly attributable to higher revenue generated by the construction division.

Despite of higher revenue, gross profit ("GP") of FY2023 was lower at RM61.58 million compared to RM86.54 million of FY2022, due to a lower GP margin of 7.22% against 11.45% of FY2022.

The decline in the GP margin was due to lower profitability achieved by the manufacturing and trading ("M&T") division which offset the marked improvement in the GP of construction division.

Other income of RM8.37 million in FY2023 approximate the level in FY2022. Other income mainly comprised of reversal of allowance for impairment on land held for property development and trade receivable, and interest income.

Administration expenses of RM38.18 million in FY2023 were RM44.56 million (53.9%) lower against FY2022. Administration expenses were higher in FY2022 due to the impairment of trade receivable and contract asset totaling RM43.52 million in relation to a hospital project.

Finance costs of RM15.57 million in FY2023 were RM2.75 million (21.5%) higher against FY2022 mainly due to higher utilisation of bank facilities and hike in interest rate.

Share of loss of joint ventures of RM3.14 million in FY2023 was RM0.24 million (8.2%) higher against FY2022 mainly due to higher finance costs incurred by joint ventures.

The effective tax rate for FY2023 was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations and potential deferred tax benefit on unutilised tax losses, unabsorbed capital allowances and other temporary differences were not recognised on prudent basis.

As a result, the Group recorded profit before tax of RM13.06 million and profit after tax of RM6.88 million in FY2023 against loss before tax of RM3.70 million and loss after tax of RM7.29 million in FY2022.

Segmental Revenue and Gross Profit*

* : The segmental revenue and gross profit stated in the commentary in relation to the respective segment were inclusive of inter-segment transactions.

	FY2023 RM'000	FY2022 RM'000	Changes	
			RM'000	%
Revenue				
Construction	679,704	550,208	129,496	23.5%
M&T	249,999	366,153	(116,154)	-31.7%
Property Development	23,809	31,623	(7,814)	-24.7%
Investment	8,907	9,674	(767)	-7.9%
Elimination	(109,851)	(201,524)	91,673	-45.5%
Consolidated revenue	852,568	756,134	96,434	12.8%
GP				
Construction	25,056	6,703	18,353	273.8%
M&T	37,013	76,520	(39,507)	-51.6%
Property Development	3,982	3,589	393	11.0%
Investment	8,907	9,674	(767)	-7.9%
Elimination	(13,376)	(9,945)	(3,431)	34.5%
Consolidated GP	61,582	86,541	(24,959)	-28.8%
GP margin				
Construction	3.69%	1.22%		
M&T	14.81%	20.90%		
Property Development	16.72%	11.35%		
Investment	100.00%	100.00%		
Consolidated GP margin	7.22%	11.45%		

The increase in construction revenue in FY2023 was attributable to revenue contribution from new construction projects secured in FY2023, and higher revenue arose from the acceleration of construction progress of the Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction) ("SSRL Project").

The decrease in M&T revenue in FY2023 was due to the significant decrease in the inter-segment sales as a large order which contributed significantly to the inter-segment sales in the preceding year was near completion.

MANAGEMENT DISCUSSION AND ANALYSIS

The breakdown of the revenue of the M&T division is as follow:

	FY2023 RM'000	FY2022 RM'000	Changes	
			RM'000	%
External sales	190,198	186,337	3,861	2.07
Inter-segment sales	59,801	179,816	(120,015)	(66.74)
Total	**249,999**	**366,153**	**(116,154)**	**(31.72)**

The decrease in property development revenue was due the absence of sales of Phase 1 of Bukit Bayu, Seksyen U10, Shah Alam project which, save for 1 unit of unsold stock, had been fully sold in FY2022.

The decline in investment revenue which comprised of dividend and interest income, was due to lower inter-segment dividend income.

Construction division recorded a better GP margin in FY2023 on economic of scale from higher level of operation. On the back of improved GP margin and higher revenue, construction division achieved a higher GP in FY2023.

M&T division recorded a lower GP margin in FY2023, mainly due to depreciation did not decrease proportionately to the decrease in revenue, while payroll costs were higher during the period. With a lower revenue and GP margin, M&T division recorded a lower GP in FY2023.

PD division recorded a higher GP margin in FY2023, due to better margin products were sold during FY2023.

Financial Position

Shareholders' equity increased from RM710.40 million as at 31 December 2022 to RM713.84 million as at 31 December 2023, attributable to total comprehensive income attributable to owners of the Company of RM6.98 million partly offset by dividend of RM3.53 million paid during FY2023.

Non-current assets increased from RM316.77 million as at 31 December 2022 to RM501.85 million as at 31 December 2023, mainly due to acquisition of land held for development.

Current assets increased from RM984.00 million as at 31 December 2022 to RM1,024.52 million as at 31 December 2023, mainly due to the increase in contract assets, in line with higher scale of operation.

Current liabilities increased from RM416.17 million as at 31 December 2022 to RM587.32 million as at 31 December 2023, mainly due to higher trade payables and bank borrowings, in line with higher scale of operation.

Non-current liabilities increased from RM159.31 million as at 31 December 2022 to RM198.68 million as at 31 December 2023 mainly due to new loans drawn down during the year to finance land acquisition.

Net gearing ratio as at 31 December 2023 was at a manageable level of 0.32 times.

Cash Flow

For FY2023, net cash of RM89.26 million was generated from operating activities. Net cash of RM173.04 million was used in investing activities, mainly for the purchase of land held for property development. Net cash of RM78.35 million was generated from financing activities, mainly from loans drawn down to part finance the purchase of land held for property development. With the overall net decrease in cash of RM5.42 million during FY2023, the Group's cash and cash equivalents was RM58.71 million as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK

The Group has an estimated construction and manufacturing balance order book of approximately RM2.0 billion and RM0.3 billion respectively as at 31 December 2023, contributed by numerous construction contracts and manufacturing orders. The balance order book is expected to keep the Group busy for the next 2 to 3 years.

As in any business, the Group is subject to various challenges and risks. Please refer to pages 64 to 66 of this Annual Report for nature of the key risks and the Group's control measures to mitigate the risks.

Focus and Strategies for 2024

Construction Division

- Execution of projects in hand
- Leverage on the diversified construction services track record to bid for new public and private sector projects
- Undertake in-house projects

Manufacturing Division

- Bid for precast products orders from Singapore and Malaysia markets, including those in relation to MRT line, rail line and private sector IBS orders
- Expansion of production line

Property Development Division

- On-going development of Phase 2 of Bukit Bayu, Selangor, and 100 trees @ Seri Alam, Johor
- Launching of a service apartment project in Johor with GDV of RM300 million
- Development planning of land bank in hand

Our on-going projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Eco World Development Berhad Group, UEM Sunrise Bhd Group, S P Setia Bhd Group and China Communications Construction Company Ltd. Our on-going projects and sales orders include the following:

(a) The SSRL Project for a contract sum of RM0.78 billion. The estimated completion period of the project is year 2026;

(b) Design and build project for 1 block of service apartment and amenities in Johor for a contract sum of RM98.85 million. The estimated completion period of the project is year 2026; and

(c) Few sales orders for the supply of IBS components and tunnel lining segments ("TLS") to Singapore MRT project. The estimated completion period of these sales orders is year 2026.

The Board is cautiously optimistic that the construction sector of Malaysia and Singapore will remain positive in 2024, thus offer order book replenishment prospects. The Group will continue to bid for projects and sales orders in order to replenish the Group's order book and contribute positively to the Group's result in 2024 and beyond. The Group's track record in the industries that it operates in, and extensive experience in our business, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Malaysia Construction Sector

The Group expects some tender opportunities from the following public sector projects in 2024:

- Phase 2 of Pan Borneo Highway Sarawak;
- Flood mitigation projects;
- Road upgrading works in Johor;
- Klang Valley MRT Line 3;
- Kuching Urban Transportation System; and
- Affordable housing projects

On the property sector landscape, Malaysia's property transaction value hit RM196.83 billion in 2023, the highest ever recorded by the National Property Information Centre (Napic). Napic expects the property market's performance to remain cautiously optimistic in 2024.

There were marked increase in tender invitations and project awards to the Group since year 2023. The Group secured RM1.3 billion worth of construction projects in year 2023.

In the home base of the Group, Johor, developers are upbeat with the improvement in the property market sentiment given the visibility of the Johor Bahru-Singapore RTS project as well as the announcements of the proposed Johor-Singapore Special Economic Zone and Special Financial Zone.

Other than projects from external parties, the Group's construction arm will undertake construction works for in-house property developments projects as detailed in the ensuing section of this report.

Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand, i.e. the value of construction contracts to be awarded, to range between S$32 billion and S$38 billion in nominal terms in 2024.

The public sector is expected to drive total construction demand in 2024, reaching between S$18 billion and S$21 billion, mainly from public housing and infrastructure projects. Some of the major upcoming public sector projects scheduled to be awarded in 2024 include the Housing and Development Board's new Built-To-Order developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works.

Private sector construction demand is projected to be between S$14 billion and S$17 billion in 2024. BCA anticipates that private sector construction demand in 2024 will come mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities.

BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S$31 billion and S$38 billion per year from 2025 to 2028.

Our subsidiary, SPC Industries Sdn Bhd ("SPC") has very strong track record in the supply of precast components including TLS, concrete rail sleepers and jacking pipes to large public sector infrastructure projects in Singapore including Singapore MRT projects, Deep Tunnel Sewerage System Phase 2 and Singapore Power's underground cable tunnel.

Further, SPC has been a frequent supplier of IBS components to various projects in Singapore.

With its strong track record in Singapore, SPC is well positioned to compete for further potential sales orders from Singapore.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development Division

The Group's on-going development project, namely 100 Trees Private Estate, which comprises 60 units of semi-detached houses in Bandar Seri Alam, Johor, and Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, are expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales. The collective gross development value ("GDV") of these 2 developments is approximately RM110 million.

The Group expects to launch one service apartment development comprising 896 apartment units in Johor, with estimated GDV of approximately RM300 million, in the second half of year 2024.

The Group expects to submit its development planning application in relation to few of its land bank for the relevant authorities' approval this year.

DIVIDEND POLICY

While we do not adopt a formal dividend policy, our Company has been declaring dividends every year since its listing on the Main Market of Bursa Malaysia Securities Berhad in 2010. In respect of FY2023, the Board recommends a single tier final dividend of 1.0 sen per share.

Our Company is always mindful to reward our loyal shareholders who have supported our growth over the years while trying to strike a balance with the funding needs at our different development phases.

SUSTAINABILITY STATEMENT

Introduction

The Board of Directors ("Board") of Kimlun Corporation Berhad ("Kimlun" or "the Company") acknowledges the importance of incorporating sustainability considerations, including economic, environmental, and social factors, in the long-term business direction and strategy of Kimlun and subsidiaries ("Kimlun Group" or "the Group"). The Board believes that a focus on long-term business sustainability is aligned with the long-term interests of the Company and its stakeholders.

This Sustainability Statement ("Statement") discusses the management of the Group's sustainability, including environmental, social, and governance factors, for the financial year ended 31 December 2023 ("FY2023"). This Statement has been prepared in alignment with the relevant sustainability disclosure requirements of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa").

SUSTAINABILITY STATEMENT

SCOPE OF REPORTING

This Statement discusses the sustainability strategies, performance, and targets of Kimlun Group FY2023, focusing on Kimlun Sdn Bhd ("KLSB") and SPC Industries Sdn Bhd ("SPC") which represent the Group's Construction and Engineering segment and pre-cast concrete manufacturing business, unless otherwise stated. Construction projects which are less than RM20 million and with more than 90% completion rate as at 31 December 2023 are excluded, as our data collection efforts were focused on projects with a more significant size and activities.

Combined, these two companies make up more than 95% of Kimlun Group's revenue. The in-scope companies' operations are carried out at our headquarters in Johor Bahru, 2 pre-cast manufacturing factories, 4 offices, and various construction sites.

For the reporting on community contributions and employee-related performance data including employee training, employee turnover, workforce profile and diversity, the coverage is on the entire Kimlun Group.

DATA VERIFICATION

This Statement has not been subjected to internal review by the Group's internal auditors nor has it been subjected to external, independent assurance. Nonetheless, the Management has undertaken the necessary steps to perform internal verification to enhance the accuracy and completeness of the sustainability data reported in this Statement.

GOVERNANCE STRUCTURE

Kimlun's Board holds the ultimate responsibility in ensuring sustainability is considered and incorporated in the Company's business strategies and that the Group's governance structure supports the management of the Group's sustainability-related issues and initiatives, including those relating to climate risks and opportunities.

The Senior Management, represented by the Executive Committee that is composed of the executive directors of Kimlun and its wholly-owned subsidiaries, drives the development and implementation of sustainability strategies. The Executive Committee members provide leadership within their respective divisions and functions, including carrying out sustainability efforts and pursuing the sustainability targets set.

The in-scope businesses, namely the Construction and Engineering segment and the pre-cast concrete manufacturing business, have also established their respective Business Division Sustainability Steering Teams to oversee the carrying out of sustainability efforts and continuous improvement.

As with the Group's risk management processes, sustainability-related risk management activities are overseen by the Audit and Risk Management Committee ("ARMC"). The ARMC is also responsible for supporting the Board in assessing the adequacy and effectiveness of the Group's risk management and internal control system, including those relating to the management of sustainability risks.

SUSTAINABILITY STATEMENT

Kimlun Group's governance structure in relation to managing business sustainability is summarised as follows:

BOARD OF DIRECTORS
Oversees the sustainability framework and policies

EXECUTIVE COMMITTEE

(Comprises of all the executive directors of the Company and its wholly-owned subsidiaries)

- Identify the strategies for the management of sustainability issues
- Mandate the respective business units to carry out the sustainability efforts ("SE"), and ensure best practices of sustainability are embedded across the Group

AUDIT AND RISK MANAGEMENT COMMITTEE

Oversees risk management and audit assurance activities with respect to sustainability management and reporting

BUSINESS DIVISION SUSTAINABILITY STEERING TEAMS

(Comprises of senior management of respective business units)

- Drive and review the implementation of the SE and initiatives
- Recommend improvements to SE and action plans

Kimlun Group's key sustainability progress during the year is summarised as follows:

- the Board reviewed the materiality assessment conducted by the Executive Committee and endorsed the identified Group material sustainability matters ("MSMs"). The materiality assessment has considered the Group's climate-related risks and opportunities;

- the Board reviewed the summary of stakeholder engagements during the year, including the sustainability issues or interest areas raised;

- considering the Group's MSMs, the Board reviewed the Group's overall sustainability direction and strategies;

- the Board reviewed the Group's sustainability performance; and

- the Board reviewed the effectiveness and adequacy of risk management and internal control systems which has incorporated the management of MSMs.

SUSTAINABILITY STATEMENT

STAKEHOLDERS

Stakeholders play an important role in defining the Company's value creation. They include entities or individuals to whom we are responsible, as well as parties who may influence or impact the achievement of our business objectives. We have varying responsibilities and relationships with different stakeholder groups and hence, the Group has established customised channels to suit our different engagement and communication needs.

Through the various engagement channels and engagement activities carried out by the Management, the Board oversees and ensures important sustainability-related information, such as strategies, priorities, targets, and performances are communicated to the relevant stakeholders. The engagement also allows the Group to understand the stakeholders' evolving needs and perception of value, in order to align the Group's value creation objectives and sustainability focuses.

Kimlun Group's stakeholder groups, how we communicate with them, and the key sustainability issues or areas of interest commonly discussed are summarised as follows:-

Stakeholders	Mode of Engagement	Frequency of Engagement	Key Sustainability Issues or Areas of Interest
Shareholders/ Investors	• General Meeting	• Annually • Ad hoc	• Company performance • Dividends • Business strategy and plans • Corporate governance • Internal control and risk management
	• Annual report	• Annually	
	• Quarterly results announcement	• Quarterly	
	• Website with dedicated investor relations section	• Updated on a timely basis for announcements/ regularly for other sections	
	• Analyst briefings	• Ad hoc	
	• Media interviews and releases	• Ad hoc	
Customers	• Technical presentation	• Ad hoc	• Increase visibility • Relationship management • Quality and reliability of products and services • Project management • Pricing • On-time delivery of projects
	• Direct engagements	• Regularly	
	• On-site meetings	• Regularly	
	• Quality management	• Regularly	
	• Participation in the bidding process	• Regularly	
Suppliers/ Contractors/ Consultants	• Direct engagements	• Regularly	• Relationship management • Quality of products and services • Project management • Cost control • Occupational health and safety
	• On-site meetings and/or inspections	• Regularly	
	• Suppliers and contractors' performance evaluation	• Annually	
Government and regulatory authorities	• Meetings and consultations	• Ad hoc	• Regulatory compliance • Approvals, permits or licences • Standard and certification
	• Training	• Periodically	
	• Standard operating procedures	• Daily	
Employees	• Employee induction training	• Regularly	• Career development and enhancement • Fair employment practices • Workplace conduciveness • Safety, health and welfare
	• Training and development programmes	• Regularly	
	• Performance appraisals	• Annually	
	• Safety briefings	• Regularly	
	• Company activities	• Regularly	

SUSTAINABILITY STATEMENT

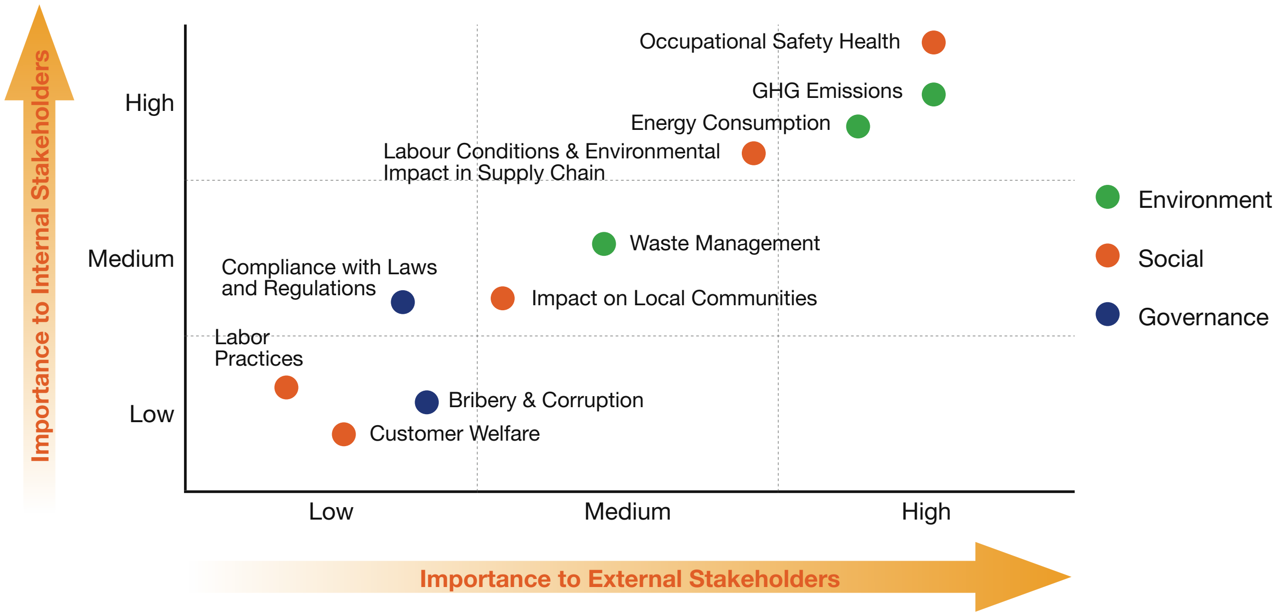
Stakeholders	Mode of Engagement	Frequency of Engagement	Key Sustainability Issues or Areas of Interest
Local community	• Corporate social responsibility initiatives	• Regularly	• Corporate citizenship • Contribution to the community
	• Local hiring and sourcing	• Regularly	

MATERIAL SUSTAINABILITY MATTERS

Kimlun Group determines the Group's MSMs through a materiality assessment process which is performed or reviewed annually. The materiality assessment is conducted by the Executive Committee and is aligned with the definition of materiality provided in the Main Market Listing Requirements ("Listing Requirements") of Bursa, where an MSM is one that:

- reflect the Group's significant sustainability impact;
- substantively influence the assessments or decisions of stakeholders.

The materiality assessment has also considered the common sustainability matters prescribed by Bursa in the Listing Requirements.



The MSMs identified represent some of the most important sustainability matters for the Group and/or the stakeholders, and they are taken into consideration in the Group's review of its short and long-term strategies, action plans, and risk management.

We measure the Group's management of MSMs by developing and monitoring appropriate indicators. This year we have also initiated the development of sustainability key performance indicators to enable Management's targeted focus on achieving the Group's sustainability goals.

The Group also leverages its risk management framework and process to manage its MSMs. Risks associated with the MSMs are identified during the annual risk review and these risks are managed and monitored through the structured risk management process.

SUSTAINABILITY STATEMENT

COMPLIANCE AND BUSINESS ETHICS

Compliance

The construction industry is one of the key drivers for the economy and development of countries, including Malaysia. Construction activities create jobs for both labour workers and skilled workers, and some also contribute to the development of important access infrastructure such as roads, tunnels, and tracks for countries. On the other hand, there are also potential risks and hazards brought by construction activities if they are not managed well, such as safety and health risks or environmental damage.

Kimlun Group acknowledges the potential value that its businesses are able to create, as well as the potential risks that may arise. In this regard, as a responsible business, Kimlun Group is committed to complying with the applicable laws and regulations, including those relating to environmental and social laws.

Compliance is taken seriously at Kimlun Group and is incorporated in our various processes and operations, from procurement, manufacturing, construction, to transportation, where various laws and regulations apply and our operating licences and permits are also subject to compliance requirements. We regularly keep ourselves informed on any developments of the laws and regulations and review our processes to ensure they are aligned with the latest regulations. Compliance-related controls are also reviewed from time to time via the Group's internal audit activities.

FY2023	Number of cases
Confirmed incidents of corruption	0
Substantiated complaints concerning human rights violations	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0

Ethical Business Practices

Kimlun's Board leads and sets the ethical standards of the Group's businesses and operations through the establishment of the Corporate Code of Conduct ("Code"), applicable to all Directors and employees of the Group. The Code sets out the ethical expectations in various areas including avoiding or declaring conflict of interest situations, safeguarding confidential information, dealing with stakeholders fairly, honestly, objectively and with integrity, anti-corruption and anti-bribery, and good employment practices including non-discrimination, prohibiting harassment, and respecting individuals' privacy rights.

All Directors and employees are introduced to the Code upon their appointment or employment to ensure they are familiar with the working culture Kimlun Group intends to create and maintain.

The Code is publicly accessible on Kimlun's corporate website at https://www.kimlun.com.

Anti-Bribery and Anti-Corruption

The Board has also established an Anti-Bribery and Corruption Policy ("ABC Policy") that is not only applicable to Directors and employees of the Group, but also to business associates such as contractors, suppliers, consultants, agents, representatives, and service providers who perform services for or on behalf of the Group.

The ABC Policy is publicly accessible on Kimlun's corporate website at https://www.kimlun.com.

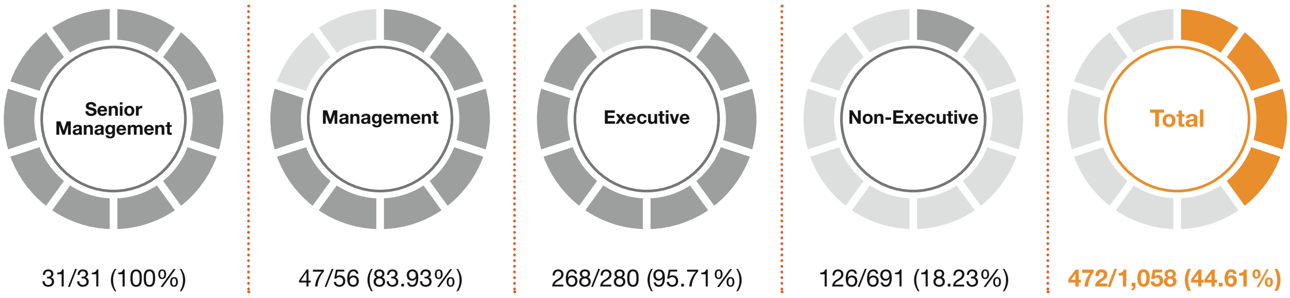
Kimlun Group is committed to conducting business in an honest and ethical manner, and it takes a zero-tolerance approach to bribery and corruption. The ABC Policy addresses and provides guidance in relation to high-risk transactions or activities such as gifts, entertainment, and hospitality; donations and sponsorships; facilitation payments; dealing with public officials; and conflict of interest situations. Furthermore, facilitation payments are strictly prohibited unless the life or safety of a person is threatened.

SUSTAINABILITY STATEMENT

In ensuring the effective management of corruption risks, the Group has established an anti-bribery and corruption compliance function to oversee the anti-bribery management system and to provide advice and guidance. We adopt a risk-based approach towards anti-bribery and anti-corruption, where corruption risk assessment is conducted to prioritise risk areas. Corruption risk is also included in the Group's annual risk assessment process. All business divisions of the Kimlun Group have been assessed for corruption risks.

Various controls are undertaken to mitigate corruption risks, depending on the risk levels identified. The ABC Policy is communicated to Directors, employees, and selected business associates depending on the risk levels assessed. Anti-bribery and anti-corruption training is also provided, especially for parties who are exposed to higher corruption risks such as due to the nature of their positions or authority.

NUMBER (PERCENTAGE) OF EMPLOYEES RECEIVED ANTI-CORRUPTION TRAINING (LOCAL EMPLOYEES ONLY)



Data Privacy and Security

As we rely more on information technology ("IT") and IT systems in our business, issues surrounding cybersecurity and personal data protection become more sophisticated. In this regard, we engage with third-party professional service providers to manage the IT system and security. In our selection of service providers, we considered, amongst others, their capacity and technical capabilities in relation to Kimlun's IT system and security needs.

In addition, the Group also has established internal policies and practices to govern the handling and management of data, especially confidential business data, personal data, or intellectual property-related information. Directors and employees are required to adhere to the corporate disclosure practices in line with the Listing Requirements pertaining to the control of sensitive information, as well as protection against the abuse of insider information for personal gain such as insider trading.

On the other hand, employees are also guided by policies such as KLSB's Information Technology Policy on how to handle customer data or personal data, proper usage of IT systems, and maintenance of cyber hygiene.

Whistleblowing

The Group has a whistleblowing mechanism, formalised via the Whistleblowing Policy and Procedures ("WBPP"), to enable the reporting of unethical behaviours, malpractices, illegal acts, or failure to comply with regulatory requirements. Employees or non-employee external parties can make a genuine report via the whistleblowing mechanism without fear of reprisal or victimisation, and the WBPP provides protection of confidentiality of identity to a reasonable and practicable extent.

The whistleblowing mechanism also provides for an avenue to report to the independent Chairperson of the ARMC in the event reporting to management is a concern, to ensure objective and independent channels are available.

The WBPP is publicly accessible on Kimlun's corporate website.

SUSTAINABILITY STATEMENT

BUILDING SUSTAINABLY

Industrialised Building System ("IBS")

Kimlun strives to contribute to the improvement and evolution of the construction industry and attempts to create a better future through more sustainable building and construction methods. In this journey, Kimlun Group has incorporated IBS construction method as one of the key elements of its business, offering our clients value through quality products and services with the expertise and experience we have in Kimlun.

IBS is a construction technique whereby components are manufactured in a controlled environment, either on-site or off-site, and transported, positioned, and assembled into construction works. Compared to conventional construction methods, IBS construction method may help to achieve:

(a) higher quality product with lower wastage due to a factory-controlled prefabrication environment;
(b) reduced pollution or waste and more resource-efficient construction from a more standardised and planned manufacturing process;
(c) shorter construction time with prefabricated components replacing on-site construction;
(d) relatively less nuisance to communities around sites due to shorter construction time; and
(e) lower reliance on manual labour and hence mitigated manpower risks and less associated social issues.

Sustainable Materials

At Kimlun, we design some of our concrete mix in accordance with the criteria for green building materials. Sustainable concrete mix which contains 20% Pulverised Fuel Ash (PFA) is used for some of the building construction. In SPC Industries Precast Manufacturing Plant, PFA and/or ground granulated blast-furnace slag (GGBS) is used as cement replacement for some of the precast products to meet our client specifications in Singapore. PFA and GGBS are waste materials generated from industries like coal-fired power plants and iron production. The use of PFA and GGBS as cement replacements can help to reduce carbon emissions in concrete production. SPC Industries is certified by the Singapore Green Building Council for Ready-Mix Concrete for our precast production.

Quality and Cost Management

We put great emphasis on ensuring consistent quality in our work and products. We have established quality control teams who perform checks and reviews on our works and products, benchmarking against established standards such as the Quality Assessment System in Construction ("QLASSIC") quality rating system in Malaysia or Construction Quality Assessment System ("CONQUAS") in Singapore, as applicable. Continuous improvement is also a key element of our quality management process where potential improvement areas are identified on an ongoing basis.

We maintain an established supplier and contractor assessment and/or tendering process to ensure we work with business partners who can support us in our endeavour to deliver quality products and services to our customers while optimising our financials. This includes setting a clear scope of work, performance expectations, and building trust and upholding business transparency in our relationships with suppliers and contractors.

Before projects are carried out, we develop project plans, including procurement planning and incorporating risk management to mitigate uncertainties. Similarly, for pre-cast manufacturing activities, we perform pre-production planning and production process assessment prior to production and ensure quality control to minimise product rejection and optimise resources and cost-efficiency.

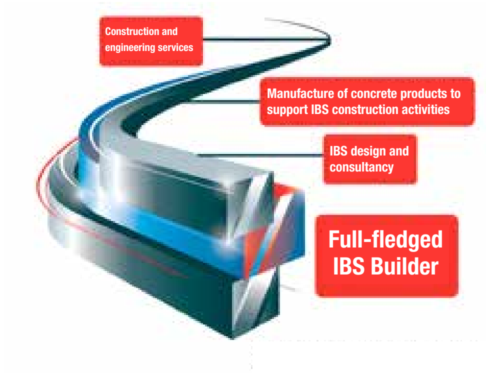
SUSTAINABILITY STATEMENT

For SPC, we measure our product quality and target to keep our rejection rate at not more than 1%. Our FY2023 rejection rate was 0.57%.

Driving Progress and Technical Capabilities

We recommend and encourage our clients to adopt IBS in their projects, offering them solutions which are supported by our IBS design team and our pre-cast concrete manufacturing capabilities. We engage with our clients as early as the development planning stage and we also support and advise clients to gradually transition to IBS adoption.

On the other hand, we actively invest in technical knowledge and capability development within the Group, through internal and external training and seminars for employees. We also keep ourselves abreast of developments in the market and industry to ensure the Group is kept updated with the latest developments such as principles and ideas for green buildings and requirements for green building materials.



Sustainable Supply Chain

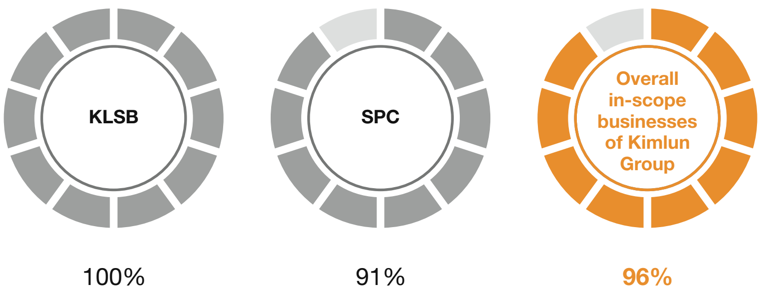
To promote sustainability in the construction industry and across our value chain, we believe we have a responsibility to engage business partners who also share the same values as Kimlun.

When engaging key service providers such as contractors and subcontractors, our assessment criteria take into consideration their track record in compliance including in the areas of environmental and social-related compliance, as well as key business and operating capabilities such as experience, expertise, pricing, and timeliness of delivery.

Where possible, we try to purchase locally and support the local market and support the region's evolution and development in construction approaches and technologies.

During the financial year under review, 96% of our procurement amount for goods and services is with local suppliers or vendors.

PROPORTION OF SPENDING ON LOCAL SUPPLIERS (FY2023 PERCENTAGE)



SUSTAINABILITY STATEMENT

ENVIRONMENT

Kimlun Group is committed to minimising the environmental impact caused by its business and operations, enhancing energy efficiency, reducing pollution, and reducing waste disposed of in landfills. In line with global and national efforts to tackle climate change, Kimlun will also endeavour to reduce its net emissions and minimise its emissions-related impact.

Our pre-cast concrete components manufacturing arm, SPC has been accredited with the ISO 14001:2015 Environment Management System Certification and it adheres to the requirements under this standard to minimise the environmental impact of its operations.

ENVIRONMENTAL BENEFITS OF THE IBS SYSTEM

Material Efficiency:

- IBS typically involves the use of prefabricated components, which can lead to better material efficiency compared to traditional construction. Precise manufacturing in controlled environments often reduces material wastage.
- Quality control in IBS can result in standardised and optimised use of materials, minimising the need for excess resources.

Waste Reduction:

- IBS has the potential to generate less construction waste at the site due to the controlled manufacturing process. On-site construction activities are reduced, leading to lower levels of waste generation.
- The modular nature of IBS components can contribute to the reuse and recycling of materials, reducing overall waste.

Energy Efficiency:

- IBS can potentially lead to energy savings during the construction phase because of the streamlined manufacturing process and reduced on-site construction time.
- Transportation of prefabricated components to the construction site may impact energy efficiency, depending on the distance and mode of transport.

Lifecycle Assessment:

- Assessing the sustainability of construction methods involves considering the entire lifecycle of a building. This includes material extraction, manufacturing, transportation, construction, use, and end-of-life considerations.
- IBS may have a positive impact on the overall lifecycle if it contributes to a more efficient and sustainable construction process.

Energy and Emissions

Kimlun Group's in-scope business and operations consume a considerable amount of energy in the forms of:

- vehicle fuel, including diesel and petrol, used in vehicles used in operations such as passenger cars, lorries etc.
- diesel used in construction equipment and site generators.
- electricity consumed at the headquarters, factories, project sites and offices of the in-scope companies.

This year, we began to estimate our energy consumption based on the fuel purchased and electricity purchased from Tenaga Nasional Berhad and Sarawak Energy Berhad.

Energy source	FY2023	
	Consumption	Energy amount (MWh)
Purchased electricity	3,175 MWh	3,175
Diesel (used in Group-owned/ controlled vehicles/ equipment)	3,103 kilolitre	33,004
Gasoline (Petrol) (used in Group-owned/ controlled vehicles/ equipment)	222 kilolitre	2,069
Total		**38,248**

SUSTAINABILITY STATEMENT

Currently, we estimate and report the greenhouse gas emissions arising from the consumption of fossil fuel, i.e. Scope 1, and the consumption of purchased electricity, i.e. Scope 2, as follows. We will continue to undertake measures to enhance the accuracy and completeness of our emissions estimation and work towards estimating Scope 3 emissions at least for Category 6 – Business Travel and Category 7 – Employee Commuting, to comply with the future disclosure requirements of the Listing Requirements.

Energy source	FY2023 (tCO_2e)[1]
Scope 1	8,809
Scope 2[2]	2,386
Scope 1 and Scope 2	**11,195**

Water

Water is also an important input for some of our operations especially the pre-cast concrete manufacturing business which is based in Negeri Sembilan and Johor. Our in-scope premises (i.e. headquarters, factories, and offices) are not located in water-stressed areas. At some construction sites, we have rainwater harvesting tanks to collect rainwater for construction use. However, we currently do not measure the amount of water collected or consumed from rainwater harvesting tanks.

Apart from domestic effluent from our headquarters and offices which is discharged into the municipal sewerage, our factory operations generate wastewater which is treated on-site, including silt traps, before the effluent is discharged.

Across our operations, we do not waste water and aim to enhance water efficiency.

The Group's in-scope water consumption and discharge in FY2023 is estimated and summarised as follow:

Water withdrawal (m^3)	FY2023 (m^3)
from municipal sources	264,961

Waste Management and Pollution

The construction industry has always been material and waste intensive. As Kimlun strives to promote greater technological adoption in the industry in the region, we continue to promote and offer IBS solutions that generally consume less materials and generate less waste through precise manufacturing in a controlled environment. The quality control and standardisation in IBS manufacturing also helps to analyse the optimum material use, thereby enhancing material efficiency.

For example, the manufacturing of prefabricated concrete components in the factory allows us to more accurately estimate the materials required and hence reduce waste generation. In addition, a better quality control environment in the manufacturing factory also helps to reduce defective products and hence less waste.

Generally, our operations do not generate a significant amount of scheduled waste and all scheduled waste generated is handled and disposed of by licenced contractors approved by Department of Environment.

The more significant non-hazardous waste types in our operations are construction waste such as wood, steel, and concrete waste. We carry out waste segregation at the construction sites. Some collected waste can be reused or recycled in our operations or we sell them to waste contractors.

1 Includes carbon dioxide, methane, and nitrous oxide

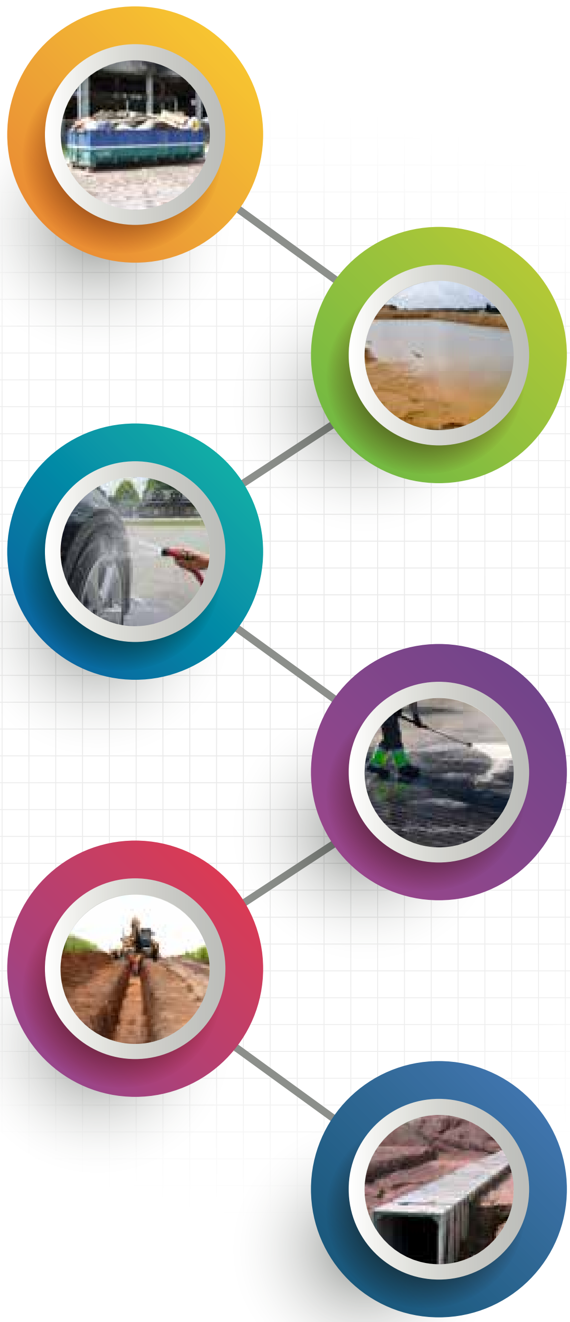
2 Estimated using (1) Grid Emission Factor of 0.758 Gg CO2e/ GWh (Peninsular Malaysia) and 0.198 Gg CO2e/ GWh (Sarawak) for FY2021 (latest available at the time of the preparation of this Statement) source: https://meih.st.gov.my/home.

SUSTAINABILITY STATEMENT

For projects where we engage the services of contractors or subcontractors, we maintain close collaboration with contractors and subcontractors to ensure processes and activities at the sites are compliant and in accordance with our internally set standards, including in the areas of waste management.

We are currently developing procedures to collect data relating to our waste management.

Key waste management measures at our construction sites:



- large commercial-grade waste bins to collect construction waste and non-construction wastes
- silt traps to collect and store sediment from sites cleared during construction
- wash trough for vehicles to wash their muddy tyres before exiting project sites
- cleaning the public roads leading to our construction sites with high-power water jets to maintain road cleanliness
- constructing temporary earth drains (where necessary) to prevent water ponding and flooding
- where relevant, adopting sustainable Urban Drainage System to drain off stormwater to control flash floods and control water runoff quality

SUSTAINABILITY STATEMENT

EMPLOYEES

Across the Kimlun Group, we have 1,058 employees (excluding foreign workers) as of 31 December 2023. A majority of our office-based employees are permanent full-time employees while construction or production site-based employees are majority contract-based full-time employees, which is 66.64%. We do not have any short-term employees.

We also work with business partners such as contractors and subcontractors and have their workers performing work at our construction or production sites.

Kimlun Group	As at 31 December 2023				
	Gender		Age		
	Male	Female	<30	30 - 50	>50
Directors (Kimlun Corporation Bhd only)	**8 (80%)**	**2 (20%)**	**0 (0%)**	**1 (10%)**	**9 (90%)**
Workforce breakdown [number (percentage)] (Local employees only)	**As at 31 December 2023**				
	Gender		**Age**		
	Male	**Female**	**<30**	**30 - 50**	**>50**
Senior Management (General Managers, Senior Manager, Head of Departments in key departments)	22 (71%)	9 (29%)	0 (0%)	15 (48%)	16 (52%)
Management (Managerial position excluded from Senior Management Category, Assistant Manager)	45 (80%)	11 (20%)	1 (2%)	37 (66%)	18 (32%)
Executive	199 (71%)	81 (29%)	81 (29%)	161 (58%)	38 (14%)
Non-Executive	608 (88%)	83 (12%)	172 (25%)	364 (53%)	155 (22%)
Total	**874** (83%)	**184** (17%)	**254** (24%)	**577** (55%)	**227** (21%)
		1,058			**1,058**

Percentage	Malaysian Chinese	Malay	Malaysian Indian	Others
Employee breakdown by ethnicity (Local employees only)	**21%**	**43%**	**1%**	**35%**

Labour Practices

Kimlun Group is committed to treating every employee fairly and equally, without discrimination. We embrace diversity and value the diverse perspectives brought by having employees with different cultural backgrounds, experience, age groups, etc. Kimlun aims to provide a work environment that is free of discrimination and harassment and this value is further enshrined in our Code.

We uphold equal employment opportunity practices and do not discriminate against anyone on the basis of an individual's gender, race, religion, or age in our employment-related activities such as employment and promotion which are based on the business needs, the candidate's skills, experience, core competencies, and other qualities.

In addition, we respect the fundamental human rights of all employees and adopt acceptable labour practices in accordance with the applicable laws and regulations, including in our provision of accommodation for workers. We respect the rights of all employees to exercise freedom of association and collective bargaining in accordance with the applicable laws and regulations.

To support our employees, we also provide employees with various employee benefits. Amongst others, we have hospital and surgical insurance and personal accident insurance for local employees and workmen compensation insurance for foreign employees, to enable them to seek timely medical treatment where required.

SUSTAINABILITY STATEMENT

Occupational Safety and Health

Occupational safety and health is a significant topic of concern for the construction industry and it continues to be a priority in our operations. At Kimlun, we are committed to providing a safe and healthy working environment to all our employees. We also undertake initiatives to instil awareness on safety, health, and environment in our business. The safety of our employees, customers, business associates and communities must be prioritised in all decision-making processes and shall not be compromised in any manner.

The management of occupational safety and health risks in Kimlun Group follows a structured risk management process, where safety and health hazards and risks are identified and assessed and controls are established to mitigate the identified hazards and risks. Safety and health policies and procedures are in place and they are also incorporated in the Group's standard operating procedures, as relevant.

We provide appropriate personal protective equipment to employees in accordance with their job requirements, having in place in every construction site safety devices such as safety nets for arresting falling or flying objects for the safety of people beyond or below the net, and fire extinguishers for firefighting purposes.

In compliance with the Occupational Safety and Health Act 1994, we have occupational safety and health committees ("OSH Committees") who are responsible for the safety and health of their respective operations. They are also responsible for checking and enforcing the implementation of the Group's safety and health policies and procedures, and recommending appropriate improvement measures. The OSH Committees hold overall responsibility for overseeing the safety and health compliance at the operations. The committees are also participated by employees who represent the ground-level workers, in enabling a fair representation and effective escalation of on-the-ground safety and health concerns. Periodic meetings are also carried out to report, monitor and analyse safety and health performance and investigation of accidents, if any.

In addition, SPC is accredited with ISO 45001:2018 – Occupational Health and Safety Management System which provides a framework to identify, control and decrease the risks associated with safety and health at the workplace. SPC follows the guidelines under ISO 45001:2018 as to its planning for hazard identification, risk assessment and management.

KLSB is currently carrying out the implementation of ISO 45001 and targets to be certified by the end of the year of 2024.

Generally, the functions of OSH Committees of the Group are summarised as follows:

- identifying and assessing the potential hazards in the workplaces, and summarising risks identified into a risk assessment report;
- formulating emergency response plans;
- recommending measures to enhance safety and health practices and protection equipment, if required;
- conducting induction training for contractors entering into project sites for the first time;
- performing periodic toolbox briefings to emphasise occupational safety and health matters and enforce the usage of personal protective equipment; and
- conducting workplace audits to identify safety and health compliance. Non-conformance will be recorded and any issue noted will be followed up for resolution.

We also require our contractors and sub-contractors to ensure their workers comply with safety and health practices which are aligned with Kimlun Group's practices.

KLSB and SPC implement a reward and punishment system which is applicable to both our and our sub-contractor's workers. Workers who have shown a good safety and health attitude, are proactive in safety and health matters and comply with our safety and health requirements, will be rewarded with a token of appreciation during safety and health campaigns. Workers who do not comply with our safety and health requirements will be imposed with a penalty.

SUSTAINABILITY STATEMENT

Safety and Health Training

Safety and health training is also provided to employees from time to time to ensure they are aware of the Group's safety and health policies and procedures, especially to employees who are exposed to a higher level of safety and health risks.

FY2023 Safety and Health Training	
Number of employees who attended safety and health training	266

The safety related trainings attended by employees during the financial year under review include:

- Basic Rigging, Slinging and Signaling
- Mastering OSH Communication for Excellent Workplace Performance
- Basic Occupational First Aid, CPR & AED
- MBAM Annual Safety & Health Conference 2023
- Training on Safety Working at Height (WAH)
- Machinery Inspection
- OSH Principle of Prevention (OSHPoP) on Mental Health at Workplace

Safety Performance

Kimlun measures safety performance to monitor performance and improvement. Our FY2023 safety performance for the in-scope operations is summarised as follow:-

FY2023 Safety Performance	
Number of work-related fatalities	0
Fatality rate	0
Number of work-related lost-time incidents	8
Lost-time incident rate	0.23

Employee Training and Development

Training and development is another important aspect for Kimlun Group in its management of human capital. In addition to ensuring the Group has the necessary skills and talents to drive the Group's business strategies, we are also supportive of the personal and professional development of employees.

All our employees are subject to annual performance appraisals, where their performance during the year is assessed and where required, their training needs to be assessed and identified. On the other hand, the Group's human resources department also conducts training needs analysis to determine the training needs of the Group's employees.

Training may be provided via internal training or external courses and the topics of training provided in FY2023 include the following:

- Occupational health and safety;
- Procurement & Contract Management;
- HR & Payroll Administration;
- IBS for Sustainable Construction;
- ESG awareness; and
- Orientation program for new recruits.

We have set a target to provide 2,330 training hours (external training) for our employees of executive level and above, representing at least 6 hours of training per employee. For employees below the executive level, we provide on-the-job training.

We have achieved a total of 5,855.5 training hours for employees who are executive level and above during the financial year under review, summarised as follows:-

Kimlun Group	FY2023 Hours of training attended
Senior Management	670.5
Management	834.5
Executive	4,350.5
Total	**5,855.5**

SUSTAINABILITY STATEMENT

Turnover

The turnover for Kimlun Group in FY2023 is summarised as follows. Corresponding hiring efforts have been undertaken to mitigate challenges arising from employee turnover.

FY2023 Employee Turnover	
	Turnover number
Senior Management	3
Management	13
Executive	33
Non-Executive	228
Total	**277**

CONTRIBUTION TO SOCIETY

We endeavour to support the local communities who require help, as part of the Group's acknowledgement of its social responsibility.

In FY2023, Kimlun Group continued to contribute to society via our social contribution activities. Amongst others, we contributed in various ways and channels to the communities that are more vulnerable and require assistance such as to the AIDS foundation, cancer foundation, and to organisations that help to support people with disabilities. We also donated for the purchase of oxygen tanks for asthma patients in a mental home.

In FY2023, we contributed approximately RM198,000 in community contribution. The total number of beneficiaries may not be reliably estimated as some of the contributions are made through organisations such as foundations and fundraisers. The number of beneficiaries (entities) to which we have made monetary or asset contributions is 16.

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Management	Percentage	83.93
Executive	Percentage	95.71
Non-executive	Percentage	18.23
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	198,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	16
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	48.00
Senior Management Above 50	Percentage	52.00
Management Under 30	Percentage	2.00
Management Between 30-50	Percentage	66.00
Management Above 50	Percentage	32.00
Executive Under 30	Percentage	29.00
Executive Between 30-50	Percentage	58.00
Executive Above 50	Percentage	14.00
Non-executive Under 30	Percentage	25.00
Non-executive Between 30-50	Percentage	53.00
Non-executive Above 50	Percentage	22.00
Gender Group by Employee Category		
Senior Management Male	Percentage	71.00
Senior Management Female	Percentage	29.00
Management Male	Percentage	80.00
Management Female	Percentage	20.00
Executive Male	Percentage	71.00
Executive Female	Percentage	29.00
Non-executive Male	Percentage	88.00
Non-executive Female	Percentage	12.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
Under 30	Percentage	0.00
Between 30-50	Percentage	10.00
Above 50	Percentage	90.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	38,248.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.23
Bursa C5(c) Number of employees trained on health and safety standards	Number	266
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	671
Management	Hours	835
Executive	Hours	4,351
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	66.64
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	3
Management	Number	13
Executive	Number	33
Non-executive	Number	228
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	96.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2023
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	264.961000

Internal assurance External assurance No assurance (*)Restated